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SUBJECT: COMMUNISTS WANT A "THIRD ALTERNATIVE" TO BJP AND CONGRESS

¶1. (SBU) SUMMARY: Communist Party of India (Marxist) (CPI(M)) politburo member from Kerala Pinarayi Vijayan, told post that his party would work to form "a third alternative" to the coalitions led by the Indian National Congress (INC) and the Bharatiya Janata Party (BJP) before India's next parliamentary elections. He said the party would not dilute its opposition to U.S.-India civil nuclear cooperation under any circumstances. In pursuing a "third alternative" the CPI(M) is preparing to abandon the weakened and dispirited Indian National Congress and stave off the political oblivion the CPI(M) faces after the next parliamentary elections. Speaking about his party's problems in Kerala, Vijayan said that the recently concluded party state conference would result in a more coherent and effective CPI(M)-led government in the state, indicating that he feels he has subdued his rival Chief Minister Achuthanandan's more "old school" faction. If Vijayan is right and Achuthanandan's more dogmatic impulses will be reined in, it could mean modest improvements in Kerala's investment climate. END SUMMARY

LOOKING FOR A "THIRD ALTERNATIVE"

¶2. (SBU) CPI(M) Politburo Member and Kerala Party Secretary Pinarayi Vijayan recently told post that the CPI(M) will seriously pursue the formation of a "third alternative" in the run up to the next parliamentary elections. Vijayan said the "third alternative" would be distinct from the either the Congress-led United Progressive Alliance (UPA) or the BJP-led National Democratic Alliance (NDA). Asked whether this meant the Left would enter into a partnership with the United National Progressive Alliance (UNPA or "Third Front"), formed last year by a group of regional parties, Vijayan demurred, saying it is too early to speculate on the shape of the new alliance. (NOTE: On February 26, shortly after Vijayan spoke with post, CPI(M) General Secretary Prakash Karat addressed a UNPA-sponsored farmer's rally in New Delhi, where he reportedly said "It is my appeal to the UNPA leaders that the time has come for us to work towards the formation of a third alternative." END NOTE.) Vijayan also refused to speculate whether the Left would support the Congress in a post-election scenario if that was the only way to keep the BJP out of power.

¶3. (SBU) Vijayan's comments came in the wake of CPI(M) General Secretary Prakash Karat's February 11 speech to the Kerala CPI(M)

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state conference in which he said that the third alternative would be founded on three principles: consistent opposition to communalism, agreement on a common minimum program, and a firm commitment to an independent (read anti-U.S.) foreign policy. In his speech, Karat tore into the UPA for its "opportunistic stand" on communalism, its "neo-liberal economic agenda," its evolving strategic alliance with the United States, and its growing military cooperation with Israel.

OLD SCHOOL CHIEF MINISTER SIDELINED

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¶4. (SBU) Asked about the possible impact of the recently concluded CPI(M) State Conference, Vijayan told post that the leftist government would now function more effectively and cohesively. Vijayan said that on the investment front, the government would do better going forward. Media reports highlighted that Vijayan's faction had trounced Chief Minister Achuthanandan's more "purist" communist faction at the State Conference. But reports also noted that the Karat-led Politburo prevented a complete wipeout of Achuthanandan's faction, against the wishes of the majority of the elected Kerala party officials. Although Achuthanandan was spared the humiliation of a rumored mid-term ouster, journalists believe that he was told to follow the state party's orders and to create a climate more conducive to investment.

#### NO COMPROMISE ON CIV-NUKE DEAL

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¶5. (SBU) Vijayan told post that the CPI(M) will not dilute its opposition to the U.S.-India civil nuclear deal under any circumstances. "We have concluded that instead of a partnership between two equals where give and take are possible, it is one in which America would dictate terms to India," he said. Vijayan said the Left would withdraw its support to the UPA government if it goes ahead with the agreement.

#### THIRD ALTERNATIVE A FACE-SAVING TACTIC FOR NEXT ELECTIONS

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¶6. (SBU) Kerala media sources pointed out that the CPI(M)'s new position on the "third alternative" seems to be a tactic compelled by the party's electoral prospects. In the three states where the CPI(M) has a major presence -- West Bengal, Kerala, and Tripura -- its principal opposition is the Congress party. Although they have supported the Congress-led UPA from outside the alliance, the CPI(M) has opposed many UPA policy initiatives and it would be hard for CPI(M) leaders to demand another five years of the same from their restless members. By moving away from the Congress the CPI(M) also hopes to dodge the anti-incumbency wave which they think will swamp Congress and the UPA. Still, many media contacts believe that the Left parties could easily lose more than 20 of their 61 seats in the next parliamentary elections.

¶7. (SBU) COMMENT: There also are broader strategic considerations at play. CPI(M) leaders are engaged in a deliberate effort to craft an ideologically cohesive alternative to the UPA and the NDA grounded in leftist economic policies. But their past statements indicate a fear that they might never get the regional parties -- who focus on gaining and maintaining power at the expense of any real ideological content -- to commit to a serious pursuit of the Left's economic agenda. In pursuing a "third alternative" the CPI-M is preparing to abandon the weakened and dispirited Congress Party. The third alternative approach is also an effort to stave off the political oblivion the CPI(M) faces after the next parliamentary elections. The CPI(M) no doubt has keen memories of its virtual irrelevance on the national stage during the National Democratic Alliance's 1994-2000 regime. With the resurgent BJP looking better prepared each day to overthrow Congress, the CPI(M) is exploring a new set of allies to avoid the fate it suffered in 1999-2004. The problem the CPI-M faces is that most of its prospective "third alternative" partners - Chandrababu Naidu, Om Prakash Chautala, Jayalalithaa, and Mulayam Singh Yadav - are former BJP allies who could quickly abandon the CPI(M) to return to the NDA fold if the BJP does well in the parliamentary elections.

¶8. (SBU) COMMENT CONTINUED: In Kerala, Vijayan's emergence from the State Conference as the undisputed leader of the state CPI(M) has boosted the hopes of those who want the state to more actively court investment. But those hopes may soon turn to disappointment. Vijayan may have won the battle, but by stopping Vijayan's faction from sacking Chief Minister Achuthanandan the Karat-led politburo ensured that any major changes will be hard to implement. For example, Vijayan's victory certainly will not alter the state's emphasis on environmental considerations, which lead it to court investment only in those sectors it deems "harmless," such as information technology and tourism. Manufacturing and processing industries will continue to get the cold shoulder from the state

government. At best, expect a government slightly more aggressive in its pursuit of investment in IT and tourism. But it will still be too little, too late in the competitive environment of South India, where neighboring Karnataka, Tamil Nadu, and Andhra Pradesh all have their doors wide open to investment. END COMMENT.

19. (U) This cable was coordinated with Embassy New Delhi.

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